GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2885
ANSWERED ON:21.03.2002
WRONG ESTIMATES GIVEN BY OIL COMPANIES OF OIL PRODUCTS
UMMAREDDY VENKATESWARLU

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Oil Co-ordination Committee has criticised the oil companiesfor giving wrong estimates of the demand for oil products in the country;

(b) if so, details of the advice given by OCC to oil companies on their hugeinventories of all types of petroleum products lying in storage tanks;

(c) whether the deficit in Oil Pool Account is presently due to huge inventories held by the mismanagement of oil companies;

(d) the steps proposed to review the system where the estimates of requirements of imports by oil companies are not studied; and

(e) the steps proposed to rectify this anomalous situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) : No, Sir.

(b) : In view of security concerns at present in the sub-continent, inventory build-up was planned to take care of emergent situations.

(c) : Oil Companies are allowed inventory carrying cost on normative basis and, therefore, there is no adverse effect on oil pool account.

(d) & (e) : In the present system, the demand estimates are prepared on yearly basis and thereafter supply demand position is updated on a regular basis. With the dismantling of Administered Pricing Mechanism (APM) from 01.04.2002, the entire responsibility would be that of the oil companies.